

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 COME-00 TRSE-00 OMB-01

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1088

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PASS AGRICULTURE

E.O. 11652: N/A

SUBJECT: SUGAR - QUESTION OF INDEXATION IN INTERNATIONAL  
SUGAR ORGANIZATION (ISO) MEETINGS

REF: LONDON 15964 AND 7013

1) ISSUE OF INDEXATION RAISED BY CUBAN DELEGATE IN  
WORKING GROUP DISCUSSION ON INTERNATIONAL STOCK-HOLDING  
SCHEME IN ISO MEETINGS OF MAY 8. CUBAN DELEGATE NOTED  
THAT NOWHERE IN SECRETARIAT PAPER UNDER REVIEW WAS  
ATTENTION GIVEN TO THE ROLE INDEXATION SHOULD PLAY IN A  
NEW AGREEMENT. HE THEN PROPOSED THAT THE SECRETARIAT  
BE DIRECTED TO DO WORK ON THIS "VITAL SUBJECT".

2) THE EXECUTIVE SECRETARY OF ISO (JONES-PARRY)  
QUICKLY RESPONDED THAT IN LIGHT OF WORK NOW UNDERWAY IN  
UNCTAD IT WOULD BE UNWISE FOR THE COUNCIL TO BECOME  
INVOLVED WITH THE ISSUE OF INDEXATION. JONES-PARRY THEN  
PROCEEDED TO INFORM THE GROUP OF CONCLUSION ON THIS  
SUBJECT AT UNCTAD MEETING HE ATTENDED IN GENEVA  
APRIL 28 - MAY 1.

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3) ACCORDING TO JONES-PARRY'S REPORT, TEN NOTED WORLD

ECONOMISTS SELECTED BY UNCTAD TO STUDY THE SUBJECT HAVE CONCLUDED THAT THE USE OF INDEXATION IN FUTURE INTERNATIONAL COMMODITY AGREEMENTS COULD WELL WORK TO THE DISADVANTAGE OF LDCS'. ALTHOUGH DETAILS WERE NOT GIVEN, IT WOULD APPEAR THAT THESE ECONOMISTS CONCLUDED THAT, WITH A DAMPENING OF THE RATE OF INFLATION IN INDUSTRIAL COUNTRIES NOW UNDERWAY, INDEXATION MIGHT WELL SERVE TO SLOW THE TRANSFER OF RESOURCES TO LDCS' IN THE NEAR FUTURE. HE PROMISED TO MAKE THE REPORT AVAILABLE TO THE WORKING GROUP ONCE IT WAS RECEIVED.

4) THE EXECUTIVE SECRETARY'S BRIEF AND SKETCHY EXPLANATION WAS ACCEPTED AND THE GROUP DECIDED THAT THE SECRETARIAT SHOULD NOT UNDERTAKE WORK AT PRESENT ON INDEXATION.

5) COMMENT: INDEXATION WAS A MAJOR BONE OF CONTENTION DURING THE SEPTEMBER MEETING OF THE ISO CONSULTATIVE COMMITTEE. JONES-PARRY, WHO SEEMED INTERESTED AT THAT TIME IN EXPLORING INDEXATION AS A POSSIBLE MECHANISM FOR USE IN A NEW SUGAR AGREEMENT, NOW, AT LEAST FOR THE MOMENT, SEEMS TO HAVE CLOSED THE DOOR ON THAT POSSIBILITY.

RICHARDSON

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## Message Attributes

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